

House File 226 - Introduced

HOUSE FILE 226

BY PETTENGILL

A BILL FOR

1 An Act relating to individual and corporate income tax credits
2 for the installation of geothermal energy systems in Iowa
3 and including effective date and retroactive applicability
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.11I, Code 2015, is amended to read
2 as follows:

3 **422.11I Geothermal ~~heat pump~~ energy system tax credit.**

4 1. The taxes imposed under this division, less the credits
5 allowed under section 422.12, shall be reduced by a geothermal
6 ~~heat pump~~ energy system tax credit equal to ~~twenty~~ the sum of
7 the following:

8 a. Sixty percent of the federal residential energy
9 efficient property tax credit allowed for geothermal heat pumps
10 provided in section 25D(a)(5) of the Internal Revenue Code for
11 residential property located in Iowa.

12 b. Sixty percent of the federal energy credit in section
13 48 of the Internal Revenue Code allowed for geothermal energy
14 systems described in section 48(a)(3)(A)(iii) and section
15 48(a)(3)(A)(vii) of the Internal Revenue Code for property
16 located in Iowa.

17 2. Any credit in excess of the tax liability is not
18 refundable but the excess for the tax year may be credited
19 to the tax liability for the following ten years or until
20 depleted, whichever is earlier.

21 3. An individual may claim the tax credit allowed a
22 partnership, limited liability company, S corporation, estate,
23 or trust electing to have the income taxed directly to the
24 individual. The amount claimed by the individual shall be
25 based upon the pro rata share of the individual's earnings of
26 the partnership, limited liability company, S corporation,
27 estate, or trust.

28 4. The director of revenue shall adopt rules to implement
29 this section.

30 Sec. 2. Section 422.33, Code 2015, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 31. a. The taxes imposed under this
33 division shall be reduced by a geothermal energy system tax
34 credit equal to sixty percent of the federal energy credit in
35 section 48 of the Internal Revenue Code allowed for geothermal

1 energy systems described in section 48(a)(3)(A)(iii) and
2 section 48(a)(3)(A)(vii) of the Internal Revenue Code for
3 property located in Iowa.

4 *b.* The taxpayer may claim the credit pursuant to this
5 subsection according to the same requirements, conditions, and
6 limitations as provided in section 422.11I.

7 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
8 immediate importance, takes effect upon enactment.

9 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
10 retroactively to January 1, 2015, for tax years beginning on
11 or after that date.

EXPLANATION

13 The inclusion of this explanation does not constitute agreement with
14 the explanation's substance by the members of the general assembly.

15 This bill relates to income tax credits for the installation
16 of certain geothermal energy systems in Iowa.

17 Under current law, an individual income tax credit is
18 available for the installation in Iowa of a geothermal heat
19 pump. The credit is equal to 20 percent of the federal
20 residential energy efficient property tax credit for geothermal
21 heat pumps. The bill raises the credit amount from 20 percent
22 to 60 percent of the federal credit.

23 The bill also provides an individual and corporate income
24 tax credit in an amount equal to 60 percent of the federal
25 energy credit provided in section 48 of the Internal Revenue
26 Code for the installation of a geothermal energy system, if the
27 property is located in Iowa. Any credit in excess of the tax
28 liability is nonrefundable, but may be carried forward for up
29 to 10 years.

30 The bill takes effect upon enactment and applies
31 retroactively to tax years beginning on or after January 1,
32 2015.